

THE GOVERNING COUNCIL
REPORT NUMBER 97 OF
THE PLANNING AND BUDGET COMMITTEE

May 18, 2004

To the Academic Board,
University of Toronto.

Your Committee reports that it met on Tuesday, May 18, 2004, 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present

Professor Avrum Gotlieb (in the Chair)
Professor Vivek Goel, Interim Vice-
President and Provost
Ms. Catherine Riggall, Interim Vice-
President, Business Affairs
Professor Safwat Zaky, Vice-Provost,
Planning and Budget
Professor Rorke Bryan
Mr. Brian Davis
Professor Miriam Diamond
Professor David Mock
Professor Susan Pfeiffer
Mr. Timothy Reid

Professor Pekka Sinervo

Non-voting Assessors:

Mr. John Bisanti, Chief Capital Projects
Officer
Professor Ron Venter, Vice-Provost,
Space and Facilities Planning

Secretariat:

Mr. Neil Dobbs
Mr. Andrew Drummond, Secretary

Regrets:

Professor Edith Hillan, Vice-Chair
Mr. Sachin K. Aggarwal
Ms. Murphy Browne
Professor Philip H. Byer
Professor Sujit Choudhry
Professor Susan Horton

Ms. Shirley Hoy
Professor Ian McDonald
Professor Ian Orchard
Professor J. J. Berry Smith
Mr. Nick Turk-Browne

ITEMS 4, 5, 6 AND 7 ARE RECOMMENDED TO THE ACADEMIC BOARD FOR APPROVAL.

ALL OTHER ITEMS ARE REPORTED TO THE ACADEMIC BOARD FOR INFORMATION.

1. Approval of Report Number 96 of March 16, 2004

The report of the previous meeting was approved.

2. Business Arising from the Report of the last Meeting

There was no business arising from the previous meeting.

3. Senior Assessor's Report

Professor Goel reported to the Committee on the Budget of the Ontario Government, which had been presented at the legislature immediately prior to the committee's meeting. The Budget, he noted, contained the following key points:

- A confirmation of the freeze on tuition fee increases;
- An overall funding increase to the Ministry of Training, Colleges and Universities of 12% between fiscal 2003-4 and 2007-8;
- The announcement of a task force on postsecondary education, to be headed by former Premier (and former Governing Council member) Bob Rae;
- Increased access to student loans, as well as the expenditure of \$21 million to harmonize loan plans; and
- \$900 million in capital funding (previously announced).

A member queried whether the Budget signaled funding intentions to offset the cost to institutions of implementing the tuition freeze. Professor Zaky noted that it did not.

Professor Goel then reported on the administration's intent to bring forward to the Business Board a proposal that would see an increase in the institutional borrowing capacity, which stood at \$620 million and had been reached. He reported that the Interim Vice-President, Business Affairs was developing a proposal to revise institutional policy on borrowing that would add room in the capacity without fundamentally altering the risk to the institution. Ms. Riggall then noted that the current limit of \$620 million had been set in response to a requirement that the capacity be set at one third of the capital value of the University, but that that measurement had occurred when the capital value was at a very low point. Noting that determining borrowing capacity on the basis of a measurement taken at a single point in time was incompatible with good planning principles, Ms. Riggall reported that the administration would seek to use a running five-year average to determine the one-third proportional borrowing capacity as a baseline for future discussions. She further noted that, as a result of the changes, the administration would also be seeking a range of the proportion of the total capital value, probably from 35%-40%, to follow the same pattern as the University's deficit management system.

During a brief discussion, Professor Goel and Ms. Riggall noted that the proposal was still under development, and that priorities for capital expansion would depend on numerous factors, namely, a project's ability to fulfil the mission of the University of Toronto, the plans of relevant units or divisions, the maintenance of legislative or policy commitments, lack of options for alternate space, and the immediacy of requirement for the space. In addition, the administration would assess what other equity might be available to carry a project forward, and the ability of relevant units to carry the debt and service costs that accompany capital projects. Professor Goel then noted that while the Planning and Budget Committee's responsibility would focus on the unit's ability to carry debt service costs from operating budgets, the Business Board would tend to focus on the overall capacity of the institution to carry the debt. Professor Goel then noted that his office was working with Principals and Deans to develop an exhaustive view of likely capital plans in the foreseeable future; because the borrowing capacity was unlikely to increase further, all decisions to use some of the capacity would depend heavily on the prudence of both governance and administration.

3. Senior Assessor's Report (cont'd.)

Professor Goel then noted that all projects would consider alternative arrangements, such as shorter mortgages, or the release of additional funds (such as CFI funds or other government grants), which would continue to have impacts on the borrowing capacity.

Lastly Professor Goel noted that a proposal to government concerning the redevelopment of the Varsity Stadium site into a 25,000-seat stadium would be going forward in partnership with the Canadian Soccer Association and the Toronto Argonauts Football Club. He reported that the proposal would not involve any portion of the University's operating budget but would use some of the remaining borrowing capacity of the University. He noted the possibility of a special meeting of the Planning and Budget Committee in June to deal with the matter. [Following the meeting, it was determined that a special meeting was unnecessary and that the proposal would proceed through governance in the fall of 2004.]

4. Property: Declaration as Surplus to the University's Requirements

Members had before them a proposal, submitted by the Vice-Provost, Space and Facilities Planning, to declare six properties surplus to the University's requirements. Professor Venter noted that his office had reviewed all the properties owned by the University and concluded that the six before members bore no potential use in the foreseeable future. He then summarized the reason to declare each property as surplus.

During a lengthy discussion, members raised the following questions:

- Was there any potential that the properties near the east and west campuses could be useful beyond the planning horizon, say, in 50 years' time?
 - The administration could see no benefit from holding the properties for that period of time, especially given the fact they were discontinuous with the campuses.
- Was it prudent to sell the parking lot at 210 Simcoe Street, given that it might be operated at a profit?
 - The parking lot was a break-even venture and, given peculiarities associated with the site, was unlikely to provide any revenue. In addition, it served only a small number of University employees, and the University offered parking at the 89 Chestnut Residence nearby. The site could be of far greater benefit if sold.
- Was there a map available to illustrate clearly the location of the properties under discussion?
 - An illustration would be provided at Academic Board, but in the mean time Mr. Bisanti attempted to illustrate the location of the properties at the east and west campuses by reference to the campus maps. In neither case were the areas on the existing campus maps.
- Was there any conceivable academic use to the rural properties under discussion?
 - All potential relevant Faculties and Divisions had been consulted and concluded that there was none.
- Would it be appropriate to await a greater return prior to sale?
 - The Business Board was the ultimate arbiter of when to sell lands declared surplus, but the University was not normally a speculator in land values.

4. Property: Declaration as Surplus to the University's Requirements (cont'd)

- Was the contamination on one of the sites factored into the projected revenue from sale?
 - The contamination had been considered.

A member moved to refer the item back to administration with the advice to return with additional details on the location and potential uses of the sites, especially those at the east and west campuses, but there was no seconder.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDED

THAT the following property be declared surplus to University requirements:

1. the 210 Simcoe Street parking garage presently operated by the university as a parking lot;
2. the 210 Lane at Duncan and Pearl Street Simcoe Street;
3. the 11 acre parcel of land on Conlin Road located on the Scarborough Lands;
4. the 8 acre parcel of land north of the UTM campus on Mississauga Road;
5. property within the town of Iroquois Falls, PCL 1074SEC;
6. property within the town of the Township of WOLFORD, C4 W PT Lot 2.

Documentation for this item is attached hereto as Appendix "A".

5. Capital Project: 155 College Street (former Board of Education Building) – Project Planning Report

Professor Goel noted that 155 College had been purchased from the Board of Education one year earlier, and that the commitment at that time had been to develop the facility in support of health education initiatives. Professor Venter noted that the current facilities housing Nursing, Public Health Sciences, and Health Policy, Management and Evaluation (HPME) were all inadequate and that the development of 155 College would solve numerous problems for all three units. He then summarized the planning for the facility and some of the costs associated with the facility's redevelopment.

During discussion, it was clarified that the request for \$1.3 million dollars would be charged against the Faculty of Medicine and Faculty of Nursing budgets, and not against the institutional operating account.

5. Capital Project: 155 College Street (former Board of Education Building) – Project Planning Report (cont'd)

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

Subject to the approval by Business Board of a sufficient increase in the borrowing limits available to the University,

1. THAT the Project Planning Report for the Center for Health Improvement and System Performance [CHISP] at 155 College Street, a copy of the executive summary of which is attached hereto as Appendix “B”, be approved in principle;
2. THAT the project scope identified in the Project Planning Report, to establish 8,594 of net assignable square metres (nasm) of space to accommodate the teaching and research needs of the Faculty of Nursing [3804 nasm] and the Departments of Public Health Sciences [3124 nasm] and Health Policy, Management and Evaluation [1666] respectively be approved in principle;
3. THAT funding in the amount of \$1,300,000 be made available to undertake the design [July to November, 2004] through to the pre-tender stage of development;
4. THAT these funds, in the amount of \$1,300,000 to be acquired from a mortgage, amortized over twenty years, to be repaid from the University of Toronto operating budget.

6. Sunnybrook and Women’s College Health Science Centre: Master Plan, April 2003

Professor Goel noted that the land at the Sunnybrook site was owned by the University of Toronto on the condition that it be used for health care and education; if that covenant were broken, the land would revert to parkland. Since the original development of the site, much of the land had been filling up and the University felt it prudent to revise the site’s master plan.

Professor Venter noted that in the context of the renewal of the lease agreement with Sunnybrook and Women’s College, the University was considering a 49-year lease (extended from a 21-year lease) that would allow some areas of the property to be designated for University use, some for joint University / Hospital use, and others for more exclusive Hospital use. A single lease with separate provisions would enable the University to avoid severance of the existing property boundaries. Lastly, he noted that the University would have a much stronger planned future presence on the campus than that which had previously existed.

During discussion, Professor Goel clarified that the authority flowed back to Governing Council, unlike other hospitals. Governing Council appointed the board, and therefore a clear line of accountability existed.

6. Sunnybrook and Women’s College Health Science Centre: Master Plan, April 2003 (cont’d)

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

- i) THAT the Sunnybrook and Women’s College Health Science Centre Master Plan, dated April 4th, 2003 be approved.
- ii) THAT the revisions to the Sunnybrook and Women’s College Health Science Centre Master Plan, dated April 4th, 2003, identified within Long Range Planning Framework – Sunnybrook Campus Site Plan, Chapter 1 and coded as Dwg. SKA-10-3a, dated March 31st, 2004, plus the companion text, be approved.

7. Capital Project: University of Toronto at Mississauga – Phase 8 Residence – Sources of Funding

Professor Goel noted that the need for residence space at the University of Toronto at Mississauga was dire and that the administration was seeking approval in order to ensure that occupancy for August, 2006 would be possible. He further noted that the approval of this item was contingent on Business Board approval of an expanded borrowing capacity for the University (as outlined in the Senior Assessor’s Report (item #2) above). He further noted that the residence fit with the institutional mission and plan.

Professor Venter reported that since the Committee’s consideration of the residence at its meeting of February 3, 2004, a firm had been hired and plans had been proceeding. He noted that UTM had only 11% of its students in residence and 76% of those were in their first year; in addition, no other purchase or lease opportunities to expand residence capacity existed in the vicinity of the campus.

Mr. Bisanti noted that the cost of the building included the construction of a dining hall, which would add significantly to the success of UTM residences.

On motion duly moved and seconded,

YOUR COMMITTEE RECOMMENDS

Subject to the approval by Business Board of a sufficient increase in the borrowing limits available to the University,

THAT the source of funding for the Phase 8 residence (approved by Governing Council March 29, 2004: 418-bed student residence totaling approximately 11,000 gross square meters at an estimated cost of \$26.215 million) at the University of Toronto at Mississauga be a mortgage in the amount of \$26,215,000, to be amortized over a period of 20 years and to be repaid from the UTM Residence Ancillary.

Documentation for this item is attached hereto as Appendix “D”.

8. Capital Project: Department of Economics, Phase I

Members had the above-noted report for information. Professor Venter briefly summarized the extent of the project and how it differed from proposals previously considered by the Committee, noting that the additional costs of Phase I would be borne by the Faculty of Arts and Science.

There was a brief discussion concerning the borrowing capacity of the University in relation to the Economics project. Professor Venter reiterated that the borrowing against that capacity was not changing from already approved limits.

Phase II of the economics project would require re-approval in the future, since this second phase now included significant changes in the scope of the construction planned.

9. Capital Project: Centre for Biological Timing and Cognition - Project Planning Committee, Terms of Reference and Membership

Professor Venter briefly summarized the above-noted report, noting that the preferred site for the Centre for Biological Timing and Cognition (CBTC) remained the Ramsay Wright Zoological Laboratory, but that other sites were under consideration also. There was no discussion.

10. Capital Project: 30 and 35 Charles Street West - Project Planning Committee, Terms of Reference and Membership

Professor Venter noted for the Committee that work on the Charles Street Residence was urgent and that the project was essential to the provision of appropriate family living residences.

There was no discussion.

11. Design Review Committee: Annual Report 2002-03

Professor Venter briefly summarized the Annual Report of the Design Review Committee and noted its excellent work. He then summarized the status of recently completed projects as well as several projects still underway.

There was no discussion.

12. Other Business

Prior to adjourning the meeting, the Chair thanked the assessors and all the members for their diligence in the previous year. He noted that the Committee had been busy and had conducted itself in an effective manner. He then noted that if there were no special meeting to discuss the Varsity Stadium issue, this meeting would be the final one for the 2003-2004 academic year.

The meeting adjourned at 7:00 p.m.

Secretary
May 28, 2004

Chair